

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 558 – SB 661

March 26, 2013

**SUMMARY OF ORIGINAL BILL:** Prohibits an industrial development corporation (IDC), organized by a municipality that does not impose a property tax, from negotiating or entering into any payment in lieu of tax (PILOT) agreement or lease that affects the payment of property taxes to any county, city, or other taxing entity.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – An unknown recurring increase in local government revenue. There will be no fiscal impact to the state.

**SUMMARY OF AMENDMENT (005184):** Deletes all language after the enacting clause. Requires any industrial development corporation (IDC), organized solely by a municipality that does not impose a real property tax, to either receive a signed agreement or lease from the county in which the municipality is located, or the IDC or municipality agrees to pay the county an amount equal to any real property tax that would have been assessed to the property at issue before entering into a payment in lieu of ad valorem tax agreement.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Other Fiscal Impact – Unknown permissive impact to local government revenue and expenditures. No impact to state government.**

Assumptions for the bill as amended:

- The fiscal impact of this bill as amended is dependent upon several unknown factors, including but not limited to, the number of municipalities not imposing property taxes that will organize IDC's in the future under current law, the number of IDC's that currently participate in PILOT agreements, and the extent of county property tax revenue that will be affected. As a result, determining a precise fiscal impact is difficult.
- To the extent a county enters into a payment-in-lieu-of-tax agreement with the municipality and the IDC, the county will forgo an unknown amount of property tax revenue. Such impact is considered permissive because the county will have to agree and enter into the agreement.

HB 558 – SB 661

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a more compact, stylized manner, followed by "D." and "Geise".

Lucian D. Geise, Executive Director

/jrh